

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2003-184-E - ORDER NO. 2006-610  
OCTOBER 31, 2006

IN RE: Application of Duke Power Company, LLC        ) ORDER AMENDING  
DBA Duke Energy Carolinas, LLC for                ) ORDER NO. 2003-416  
Authorization Under Article 13, Chapter 27 of        )  
Title 58 of the Code of Laws of South Carolina    )  
to Issue and Sell Securities                         )

This matter comes before the Public Service Commission of South Carolina (“the Commission”) on the Application for Amended Order filed by Duke Power Company, LLC d/b/a Duke Energy Carolinas, LLC (“Applicant” or “Duke Energy Carolinas”). The Applicant applied for an amendment to our Order No. 2003-416, issued in this Docket on June 18, 2003 (“the existing order”).

In the existing order, the Commission granted the Applicant the authority to issue, from time to time, a maximum of \$2,000,000,000 aggregate principal amount of a defined list of “Proposed Securities.” As reported in Applicant’s Report of Issue and Sale of Securities in this Docket dated December 30, 2004, the remaining balance of authorized securities in this Docket is \$950,000,000. The purpose of the Application is to request explicit authority to undertake obligations in respect of certain tax exempt securities in order to support Applicant’s construction program, in an amount up to the remaining amount of securities authorized in this docket. The Applicant requests an Order from this

Commission in this Docket to amend the definition of “Proposed Securities” in the existing order, by adding to such Order a new paragraph 2. (vii) as follows:

(vii) Tax Exempt Bond Obligations

Applicant proposes to enter into agreements to borrow proceeds from the sale of tax exempt debt securities issued by one or more governmental authorities (‘Tax Exempt Bonds’), to fund construction of qualifying facilities associated with Applicant’s electric generation plants (and qualifying related expenditures), or to reimburse costs previously expended for such purposes. Applicant’s obligation to repay the issuing authority may be direct, through a loan agreement between it and the authority, or indirect through financing arrangements such as a letter of credit posted by a bank to secure Applicant’s obligations on the Tax Exempt Bonds.

The Applicant proposes to enter into negotiation with or request proposals from, investment bankers or other financial institutions to act as agents, dealers, underwriters, or direct purchasers of either the public or private offering of such Tax Exempt Bonds. The Applicant will determine which method and financial institution(s) will provide the most favorable terms of sale of such securities.

The Applicant requests that we state that the existing Order will stay in full force and effect, except to the extent that this Order provides the requested amendment. Duke Energy Carolinas asserts that the purposes of the Securities under the Amended Order, and their use and compatibility with the public interests, are all the same as stated in the

Application previously filed in this Docket as the basis for Order No. 2003-416, and are reasonably necessary and appropriate for such purposes.

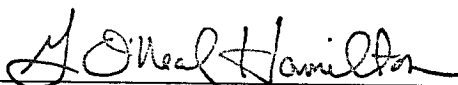
The Office of Regulatory Staff (ORS) Finance Committee has reviewed the Application. ORS understands that the purpose of the request is to allow the use of tax-exempt bonds issued by the North Carolina Capital Facilities Finance Agency to finance pollution control equipment (i.e. scrubbers) at the Marshall and Belews Creek coal-fired generation plants and to pay for other costs that may qualify for such financing at Duke Energy Carolinas' generation facilities. Based on its review, ORS has no objection to the amendment of the existing Order as proposed by Duke Energy Carolinas.

We have examined this matter, and we hereby approve the amendment to Order No. 2003-416 as requested. The new Paragraph 2 (vii) as proposed by the Company and shown above is hereby adopted to replace the existing corresponding paragraph in Order No. 2003-416. Order No. 2003-416 shall otherwise stay in full force and effect as originally published. We hold that the purposes of the Securities under the Amended Order and their use and compatibility with the public interests will be the same as contemplated under the original application in this Docket.

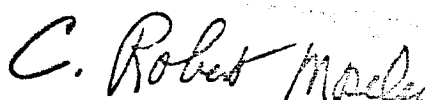
The amendment to the Order is approved. This amended Order shall not bind the Commission with regard to ratemaking treatment of the subject of the Order, and the Order and amended Order are subject to review during any rate proceeding before this Commission that may arise concerning the Applicant. Further, the Commission retains the right to review, and, if deemed appropriate, adjust the Applicant's cost of capital for

ratemaking purposes for the effect of these securities. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
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G. O'Neal Hamilton, Chairman

ATTEST:

  
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C. Robert Moseley, Vice-Chairman

(SEAL)